PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

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ASX Announcement

24 May 2006

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

MEDIA RELEASE

Please find attached a copy of the Media Release announcing the Annual Results for the year ended 31st March 2006.

Yours sincerely,
PROGRAMMED MAINTENANCE SERVICES LIMITED

Ian H. Jones

Ian H. Jones
Secretary

PROGRAMMED MAINTENANCE SERVICES

PEOPLE TAKING CARE OF PROPERTY

ASX/media release 24 May 2006

Record $20.2 million profit

Eighth consecutive year of double digit profit growth

Programmed Maintenance Services Limited, the property maintenance and infrastructure services group, today announced a 10.5 per cent increase in profit after tax to a record $20.2 million for the year to 31 March 2006. Revenue increased by 22.1 per cent to $283.4 million.

The directors have increased the final dividend by 11.8 per cent to 9.5 cents per share fully franked (2004/5: 8.5 cents franked to 80 per cent), payable on 24 July 2006 to shareholders on the register at 10 July. This brings total dividends for 2005/6 to 17.0 cents fully franked, compared with 15.0 cents franked to 71 per cent in 2004/5 and 12.0 cents franked to 50 per cent in 2004/5. The dividend payout ratio for 2005/6 will be 60 per cent (2004/5: 57 per cent). The dividend reinvestment plan remains suspended.

Results summary for the year ended	31 – 3 – 06 A$m	31 – 3 – 05* A$m	% increase
Revenue	283.4	232.0	22.1
Earnings before interest, tax, depreciation and amortisation	43.2	38.0	13.5
Earnings before interest and tax	33.9	29.9	13.2
Profit before tax	29.7	26.8	11.0
Income tax expense	(9.6)	(8.5)	(11.9)
Profit after tax	**20.2**	**18.3**	**10.5**
Earnings per share (cents)	28.5	26.3	8.4
Final dividend (cents)	9.5	8.5	11.8
Franking (%)	100	80	25.0
** 2004/5 figures have been restated in line with A-IFRS*			

'We are delighted with this record result – our eighth consecutive year of double digit profit growth', said Mr Max Findlay, managing director. 'In a market that was tough, especially in New South Wales, we have succeeded in increasing group revenue by 22 per cent. We have also maintained our margin at 12 per cent, despite the fact that margins on some of our new services tend to be lower than on our traditional maintenance painting programmes.

'This continuing growth demonstrates the success of our strategy to broaden the range of services and trade skills we provide in Australia, and to build a strong, efficient international property services group on the foundation of our Australian painting business.

'The investment we have made in expanding and diversifying our operations is contributing increasingly to the growth and quality of the company's earnings. Our industrial services business, which has invested $12 million in new capital equipment over the past two years, increased its earnings by 89 per cent and generated positive cash flow of more than $5 million which helped us to fully frank dividends. Our grounds management business, which now operates nationally, had a very strong year; and our UK painting business began to realise its potential, with earnings up 56 per cent as the proportion of revenue from maintenance programmes increased.

'One example of our expanded skill base is a three year contract we have secured to provide maintenance services to more than 60 Myer stores throughout Australia. This contract, starting this month, involves a diverse range of services including painting, carpentry, plumbing, major and minor electrical works and the employment of over 90 tradespeople and staff.

'Another example is a contract, won jointly by our Australia property maintenance and industrial services businesses, to roll out a traffic management safety program throughout 700 Coles supermarkets around Australia.

'We also continued to strengthen our operational processes; and there was a further significant improvement in workplace safety, with a nearly 50 per cent decline in the lost-time injury frequency rate, compared with the previous year.'

Outlook

'There has been an encouraging start to 2006/7, and we are expecting earnings to grow at a similar level to previous years', said Mr Findlay. 'Dividends for the year are likely to be fully franked.'

AUSTRALIA

Property maintenance

Results for year ended	31 – 3 – 06 A$m	31 – 3 – 05 A$m	% increase
Revenue	196.0	157.4	24.5
Earnings before interest and tax	17.2	17.2	0.1

The Australian property maintenance business continued to increase its revenue, with non-painting services contributing 42 per cent of the total. Earnings in the second half increased by 7.5 per cent, but for the full year were flat due to depressed demand in the painting business in New South Wales and the loss in 2004/5 of the building services business' New South Wales schools contract.

The painting business increased its earnings in Victoria and Queensland, but its performance in New South Wales and Western Australia was disappointing. More emphasis is being placed on pricing, and a more flexible estimating system will be rolled out nationally during the coming months.

The building services business succeeded in replacing the revenue from the New South Wales schools contract, but at lower margins, and now has a broader customer and skill base. New contracts, including that from Myer, will more than compensate for reduced demand and lead to higher earnings in the coming year. A new branch in Newcastle was profitable in its first year, and the Queensland and South Australian branches performed well.

The grounds management business continued its strong growth in both revenue and earnings, winning significant new contracts from the education, retirement and local government sectors. Performance was particularly good in Victoria, where revenue is underpinned by landscaping, and the decision to introduce landscaping services nationally is expected to contribute to further growth in 2006/7. New management has been appointed to turn around a disappointing result in New South Wales. The South Australian branch performed well and the Queensland branch made a positive contribution in its first full year.

The Infraserv business performed ahead of expectations, with strong organic growth due to increases in customers' business activity and government infrastructure spending. Acquired in July 2004, Infraserv provides a wide range of infrastructure services that are non-core to its government and industrial customers.

Tungsten, which was acquired in October 2005, has secured new contracts since its acquisition. However, due to integration costs and office rationalisation, the Tungsten business made only a minor contribution to earnings in the second half.

Infraserv and Tungsten Group have expanded the company's supply chain capability to include facilities management and outsourced activities. There are an increasing number of opportunities for long term contracts, and the systems and intellectual capital acquired are contributing value to other group businesses.

Industrial services

Results for year ended	**31 – 3 – 06 A$m**	**31 – 3 – 05 A$m**	**% increase**
Revenue	28.3	20.9	35.2
Earnings before interest and tax	3.1	1.6	88.6

The industrial services business, which trades as Barry Bros. Specialised Services, produced a record result due to greater utilisation of equipment and tighter operating cost controls. Equipment purchases of more than $12 million in the past two years have enabled the business to grow and expand geographically to Adelaide and Rockhampton. They have also enabled the business to offer a broader range of services to meet the needs of existing customers.

The increased investment in infrastructure projects in the eastern states has contributed to the revenue growth. A further two water recycling plants were commissioned during the year in Adelaide (October) and Melbourne (January), and a new street sweeping service for industrial and construction sites was introduced. To minimise risk and realise greater efficiencies, the business upgraded its business systems and introduced structured training programmes for all employees.

NEW ZEALAND

Results for year ended	31 – 3 – 06 A$m	31 – 3 – 05 A$m	% increase
Revenue	36.9	32.1	15.1
Earnings before interest and tax	11.9	10.0	18.4

The New Zealand property maintenance business had another excellent year, with all regions performing well despite economic uncertainty leading up to the election. The second half was particularly strong, and the order book indicates continuing growth. Significant new contracts were signed with two racing clubs, a meat works and a listed agricultural business. The total value of contract recoverables and work in progress grew 17 per cent in local currency.

The business' customer satisfaction rating increased following campaigns to improve foremen's communication skills and to sharpen the focus on meeting customers' needs.

UNITED KINGDOM

Results for year ended	31 – 3 – 06 A$m	31 – 3 – 05 A$m	% increase
Revenue	22.3	21.6	3.1
Earnings before interest and tax *	1.7	1.1	55.9
** Earnings are after deduction of UK head office costs*			

The UK business, Whittle Painting Group, began to demonstrate its substantial growth potential. Average margin increased significantly as revenue from long-term maintenance programmes reached 25 per cent of total revenue, compared with 19 per cent in 2004/5, and as the business benefited from indexation payments.

Whittle's maintenance programmes are unique in the UK market, and a further 90 contracts were signed during the year, bringing the total to 300 with an overall value of $22 million. As in New Zealand, the programmes are particularly popular in the education sector.

New branches were opened during the year in Slough, to service customers on the western side of London, and Cambridge. These bring the number of branches to eight, covering the north-west, midlands, south-west and east of England, as well as the Thames Valley.

CASH FLOW AND BALANCE SHEET

Growth in contract recoverables, together with increased income tax payments in Australia and higher interest charges, resulted in a 50 per cent decrease in net operating cash flow to $6.4 million. The acquisition of the Tungsten group, together with purchases of plant and equipment of $15.8m, increased net debt to $74.4 million from $47.2 million at 31 March 2005. As a consequence, the group's debt:equity ratio increased to 59 per cent from 40 per cent at 31 March 2005. Contract recoverables at 31 March 2006 totalled $176.9 million, compared with $161.3 million at 31 March 2005.

The total equity base at 31 March 2006 was $126.0 million, an increase of 6.3 per cent over 31 March 2005 ($118.5 million), due to the solid operating results offset by higher dividend payments. Net tangible assets per share at 31 March 2006 were $1.61, virtually unchanged from $1.60 at 31 March 2005.

The company currently has over 4,000 shareholders, which is an increase of nearly 50 per cent since May 2004, reflecting greater recognition of the company's value and potential by the investment community.

Programmed Maintenance Services, founded in 1951, provides a growing range of property maintenance services to commercial, industrial and institutional property owners. It operates the largest contract painting businesses in Australia and New Zealand, an expanding contract painting business in the United Kingdom, one of Australia's three largest grounds management businesses, building services businesses in Australia and New Zealand, and an industrial services business in Australia. The company maintains 60,000 buildings for over 5,000 customers, and has over 50 branches throughout Australia, New Zealand and the United Kingdom. Programmed Maintenance Services is listed on the Australian Stock Exchange and has a market capitalisation of $270 million.

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